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July 1, 1957 - REVISED DRAFT

MEMORANDUM FOR: The President

SUBJECT: Further Application of "New Look" to U. S. Defense Effort Overseas.

1. The National Security Council discussion on June 13, 1957, relative to U. S. policy toward Korea indicated urgent need for U. S. action to reduce the mounting costs of our total defense effort.

2. Whereas reductions should be made among the various elements of the total defense effort so that domestic and foreign programs be kept in proper balance, the Council discussion on Korea focused attention on reductions in the U. S. defense effort overseas. The greatly increased power of modern weapons contributes to the feasibility of such reductions.

3. The Council discussion, giving fresh emphasis to the President's concept of the "New Look" in our overseas defense programs, covered (a) redeploying more U. S. forces from overseas toward the U. S., (b) reducing overseas indigenous forces supported by U. S. military assistance, and (c) persuading our allies to place more reliance on our retaliatory capability to protect them from attack. Underlying this Council discussion was recognition that adjustments in our overseas programs should not: (a) foster tendencies on the part of our allies to let down in their support of their appropriate share of the collective deterrent; (b) weaken the political foundations on which our collective security is based; or (c) jeopardize our ability to apply force in a manner and on a scale best calculated to avoid local hostilities from broadening into general war.

4. The Planning Board could provide necessary staff work as the basis for decisions under this policy development. The Planning Board could prepare for Council consideration alternative courses of action, together with estimates of their effects (based on coordinated intelligence studies).

5. a. It is understood that consideration of the NATO area should not take place until after the German elections, or of the Near East area until specific later authorization.

b. The Planning Board could, however, now proceed to a comprehensive consideration of our policy in the Far East

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along the lines indicated in 6 below. Any U. S. action which might be taken, as a result of such consideration, would give weight to preserving proper balance in the U. S. defense effort between this area and other areas of the world.

6. a. Such Planning Board consideration of the Far East area would take into account: (1) the appropriate 1956 Prochnow Committee Reports; (2) the Defense presentation to the Council of the overall U. S. ballistic and non-ballistic missiles programs; (3) the Nash report on U. S. bases and facilities overseas; (4) the OCB report on U. S. official personnel overseas (uniformed, civilian, dependents); (5) the possibility of international agreements on disarmament; (6) results of Ambassador MacArthur's study of the situation in Japan, the current Defense study of the reduction of U. S. military forces stationed in Japan, and the outcome of Prime Minister Kishi's visit; (7) further developments regarding the Korean situation as a result of the Council action on June 13, 1957; (8) the latest OCB Progress Report on Formosa.

b. Such consideration by the Planning Board, on the basis of this memorandum, would include reexamination from the military, political, economic, and psychological points of view, of U. S. objectives in the area; the need for the U. S. presence in the area (in terms of military forces and civilian personnel); the requirements for U. S. support of indigenous forces in the area; inducing greater reliance by nations in the area upon U. S. retaliatory power as a deterrent. Taking all the foregoing into account, the Planning Board could propose alternative recommendations as to how, when, and where reductions might be made in U. S. forces deployed in the area and in indigenous forces in the area supported by U. S. military assistance (thereby making improvements possible in the economies of the countries concerned).

7. Such a review of Far East policy could develop for the Council broad principles, which would be tested by application to specific countries within the area.

8. Following the completion of such Far East review, the Council could determine to what extent the principles developed for that area could be applied to other areas, such as NATO and the Near East.

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